

**INGRAM REAL ESTATE GROUP**  
**928 North Cedar Crest Boulevard**  
**Allentown, Pennsylvania 18104**

**John R. Ingram, II, MAI, MRICS, AICP, CTA**  
**President & CEO**

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July 7, 2015

Mr. Martin L. Hudler  
Mr. Augustine Flores  
Strategic Capital Holdings, LLC  
4695 MacArthur Court, Suite 210  
Newport Beach, CA 92660

**RE: Restricted Use Appraisal-  
Valuation Letter;  
120 Beach 26<sup>th</sup> Street  
Far Rockaway, New York**

Dear Messrs. Hudler and Flores:

We have been engaged to complete an evaluation of the above-referenced property, in order to arrive at our opinion of the As Is Market Value and the Upon Completion / Stabilized Market Values, under both the assisted living use option, consisting of 300 beds, and the condominium sellout option, consisting of 126 condominiums. In our appraisal report, we will be determining the as is market value for the existing use, the upon completion and stabilized market values of the assisted living option, and the upon completion market value (present value of subsequent sellout cash flow) of the condominium sellout.

We have appraised the subject property in the past (October, 2010 and March, 2013) and we are familiar with the improvements. The subject property is located in the Far Rockaway section of the Borough of Queens, New York, between Beach 25<sup>th</sup> and Beach 26<sup>th</sup> Streets, and fronts on the Atlantic Ocean on the south side along the Rockaway Beach Boardwalk. Further, JFK International Airport is just a short ride north of the subject property, and downtown Manhattan can be reached within 30 minutes via the subway train, going northwest. The subject neighborhood is in the far southeastern corner of the Borough, very close to the Nassau County line, with Atlantic Beach and Long Beach (both in Nassau County) being a very short distance to the east of the subject property.

The subject building sits on a site of approximately one acre, and consists of a 156,952 sq. ft., 15-story building, currently containing 126 residential units, including 58 one-bedroom units and 68 two-bedroom units. There are 89 indoor parking spots, a rooftop swimming pool (not completed), an exercise room (not completed), 6 commercial units and a luxurious lobby. Ocean, boardwalk, and city views are enhanced by extra-large windows, on all sides. Many amenities are to be included and the building construction is first-class, with good visual appeal.

Construction on the subject building began in 2007, with construction largely being completed in the 2009-2010 period. Currently the subject property has fallen into a state of disrepair and has sustained a great deal of damage after having two separate incidents whereby the water was turned off and the plumbing lines were not drained, resulting in plumbing lines cracking during freezing conditions. The damage sustained is in the process of being estimated by other experts. The damage is extensive and although we can determine the Market Value as repaired, determining the As-Is Market Value will require a more thorough investigation and our review of the estimated cost of repair. For purposes of this report, we will assume that the repairs to be made will be made in a workman like manner and completed within 180 days or less.

The property benefits from a 25-year 421A tax abatement, commencing in 2012, resulting in the property taxes being fixed at \$8,000 per year until 2037.

We have been asked to look at two different use options for the building. The first option is for an assisted living facility that would have approximately 300 beds on floors 2-15. We took an initial look at this option, in October of 2008 and again in March of 2013. The second option is for the completion and sellout of all 126 condominiums, as one and two-bedroom condominium units. Based upon our prior findings in March 2013, and the fact that the market has only continued to increase in both of these sectors, we anticipate that our preliminary value opinions, as stated herein, will prove out as follows:

**Option #1: To Operate as an Assisted Living Facility (300 beds)**

- **Opinion of As Is Value: Approximately \$52,000,000**
- **Opinion of Prospective Upon Completion Value, estimated as of December, 2015 or January, 2016: Approximately \$70,000,000, with a range from a low of \$64,000,000 to a high of \$87,000,000.**
- **Opinion of Prospective Stabilized Value (2<sup>nd</sup> Year of Operation): Approximately \$80,000,000, with a range from a low of \$70,000,000 to a high of \$95,000,000.**

**Option #2: To Sell Out All 126 Residential Units, as Condominiums. Assuming all units are Sold within Two Years after completion of renovation:**

- **Opinion of As Is Value: Approximately \$42,000,000**
- **Opinion of Prospective Upon Completion Value, estimated as of December, 2015 or January, 2016: Minimum of \$60,000,000**

Thank you for the opportunity to address the subject property's valuation issues. Our full final report should be completed by July 30, 2015.

Sincerely,



(New York Certified General Appraiser #46000007886)

## CERTIFICATE OF APPRAISAL

PREMISES: 120 Beach 26<sup>th</sup> Street, Far Rockaway, Queens County, NY

I certify that, to the best of my knowledge and belief that:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by any reported assumptions and limiting conditions and are personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- John R. Ingram II, MAI, has made a personal inspection of the subject property.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, John R. Ingram II, MAI has completed the continuing education program of the Appraisal Institute and is currently certified.
- John R. Ingram, II, MAI, has performed prior services regarding the subject property, as an appraiser, within the 3 year period immediately preceding acceptance of this appraisal assignment.

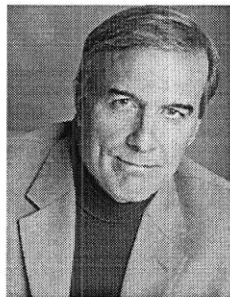


John R. Ingram II, MAI, MRICS, AICP, CTA  
New York Certified General Appraiser # 46000007886  
July 7, 2015



PRINT

## MEMBER PROFILE



**John R. Ingram, II, MAI**  
 Ingram Real Estate Group  
 President & CEO  
 928 North Cedar Crest Blvd.  
 Allentown, PA 18104  
 (610) 798-9877  
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 Cell: (646) 732-2595  
 IngramREG@aol.com  
 Standards & Ethics Education Completed  
 Accepts Fee Assignments *(more info)*

**Primary Market Area**

Pennsylvania, New Jersey and New York.

**Secondary Market Area**

Other areas of the United States, along with Canada, Mexico, Brazil, European countries, and other countries in Latin America.

**Business Services**

Acquisition, Disposition [\[View Experience Details\]](#) • Appraisal • Appraisal Review •  
 Conservation Valuation and Consulting • Consulting • Demographic Analysis •  
 Development Valuation and Consultation • Feasibility Studies • Foreclosure / REO •  
 Highest and Best Use Studies • International Valuation and Consulting • [Land Use Studies and Planning](#) •  
 Litigation / Litigation Support • Market Analysis • Mineral Valuation and Consulting •  
 Portfolio Valuation and Analysis • Real Estate Tax Valuation and Consulting •  
 Retrospective Valuation • Site Location Analysis and Consulting •

**Property Types****Residential**

Condo, Multi-Family Project (Townhouse, Condo, Etc) [\[View Experience Details\]](#) •  
 Low Income and/or Affordable Housing • Mixed Use (Residential / Commercial) •  
 Mobile Home Park • Multi-family (5+ units) •

**Land**

Acreage (Mixed Use) [\[View Experience Details\]](#) • Acreage (Non-Residential) •  
 Acreage (Residential) • Coastal / Lakeshore, Riverfront, Other Waterfront • Land, Rural •  
 Land, Transitional • Land, Urban • Mountain • Open Space / Public Park •  
 Subdivision (Commercial, Industrial, etc) • Subdivision (Residential) • Timberland •

**Commercial**

Assisted Living / Skilled Care Facility / Nursing Home [\[View Experience Details\]](#) •  
 Automobile Dealership • Banquet / Reception Hall • Bed and Breakfast / Inn •  
 Branch Bank / Financial Building • Convenience Store / Service station • Day Care •  
 Funeral Home / Mortuary Mausoleum / Cemetery / Crematory •

Hospital / Surgical Hospital / Rehabilitation Center ▶ • Hotel / Resort ▶ • Medical Facility / Clinic ▶ • Motel ▶ • Movie Theatre ▶ • Office Building (High Rise, over three stories) ▶ • Office Building (Low Rise, three stories or less) ▶ • Parking Facility (Lot or Garage) ▶ • Restaurant / Bar / Night Club / Micro Brewery ▶ • Retail (Single Tenant or Free Standing) ▶ • Self Storage ▶ • Shopping Center (Local, Strip, Neighborhood, Community, Etc.) ▶ • Shopping Center (Power Center, Outlet Center, Lifestyle, Etc.) ▶ • Shopping Center (Super Regional, Regional Mall) ▶

#### Industrial

Industrial (Heavy (Manufacturing) [View Experience Details] ▶ • Industrial (Small Office Warehouse / Mfg.) ▶ • Industrial Light (Distribution, Storage) ▶ • Research and Development Lab / Hi-Tech / Bioengineering ▶ • Truck Terminal / Hub / Transit Facility ▶

#### Public

Airport / Air Cargo [View Experience Details] ▶ • Community Center / Recreation Center ▶ • Correctional Facility ▶ • Courthouse ▶ • Dormitory ▶ • Educational Institution (Public) ▶ • Library ▶ • Military Base ▶ • Museum ▶ • Post Office ▶ • Public Service / Municipal Service Building ▶ • Recreation and Park ▶ • Religious Facility ▶ • Train Station / Bus Terminal ▶ • University / College ▶ • Zoo / Nature Facility ▶

#### Recreational

Amusement / Water / Theme Park [View Experience Details] ▶ • Aquatic Facility (Community / Neighborhood / Etc) ▶ • Campground ▶ • Dance Hall / Ballroom ▶ • Golf (Miniature) ▶ • Golf Course ▶ • Health and Fitness Club ▶ • Marina / Yacht Club ▶ • Private Club ▶ • Racket / Tennis Club ▶ • Recreational Vehicle Park / Campground ▶ • Skating Rink ▶

#### Agricultural

Crop [View Experience Details] ▶ • Forest / Timber ▶ • Grove / Orchard ▶ • Pasture / Range ▶ • Ranch ▶ • Vineyard ▶

#### Special Purpose

Bowling Alley [View Experience Details] ▶ • Car Wash ▶ • Conservation Easement ▶ • Data Center ▶ • Greenhouse / Nursery ▶ • Historical Property ▶ • Landfill ▶ • Lumber Mill ▶ • Lumber Yard ▶ • Mixed Use ▶ • Natural Resources ▶ • Outdoor Sign ▶ • Private Educational Institution ▶ • Quarry / Mine ▶ • Right-of Way / Corridor Valuation (Pipeline / Rail Road / Fiber Optic, Etc.) ▶ • Shipyard ▶ • Tower (Antenna, etc) ▶ • Winery ▶

#### Ownership Forms

Air Rights [View Experience Details] ▶ • Fee Simple Interest ▶ • Ground Lease ▶ • Leased Fee Interest ▶ • Leasehold Interest ▶ • Partial Interest ▶

#### Other Professional Affiliations/Designations

Royal Institution of Chartered Surveyors

American Institute of Certified Planners (AICP), Certified Tax Assessor (CTA)

#### Formal Education

BA, Geography, Penn State; BA, Political Science, Penn State; Master of City and Regional Planning (MCRP), Rutgers; attended MBA program in Finance and International Business, NYU.

**Languages**

German - Interpretational Ability

**International Experience**

Some of my international work has included the following assignments/projects (within last 5-10 yrs):

- 1) Valuation/consulting work on various commercial and industrial properties in Canada,
- 2) Valuation/consulting work on resort and industrial properties in Mexico,
- 3) Valuation of prospective timber, mining and resort properties, along with existing commercial properties, in addition to commodities consulting/dealmaking, in Brazil,
- 4) Valuation of existing marble quarry/marble processing plant properties, other industrial properties, and prospective resort properties, in Italy,
- 5) Valuation of commercial and industrial properties in Germany and Austria.
- 6) Consulting work/dealmaking regarding commodities in Ghana, and port development in Benin, Africa.

close

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#### PROFESSIONAL EXPERIENCE

Ingram Real Estate Group (East Brunswick, NJ, 1993-2002;  
 Allentown, PA, 2002- Pres.) President & CEO

Responsibilities: Preparation and review/supervision regarding valuation reports , market analyses, feasibility analyses, and planning/development consulting reports on a wide range of commercial real estate in New York, New Jersey, Pennsylvania , other parts of the United States and other countries, in addition to extensive court testimony/litigation experience and municipal revaluation work. The properties have included office buildings , office parks, industrial buildings , industrial parks, shopping centers, movieplexes , apartment buildings , apartment complexes, condominium and townhouse projects, senior care facilities, health and hospital facilities, educational facilities, correctional facilities, hotels, restaurants , marinas, resorts, mixed-use properties , self-storage facilities, subdivisions, golf courses, extraction properties (e.g., quarries and timberlands), horse farms, and all types of vacant land tracts , from small to very large. Clients have included commercial banks, the FDIC, the RTC, savings banks, the IRS, insurance companies, asset management companies, investment banking firms, pension funds, REITS, private equity and hedge funds, developers, individual investors/owners, federal and state agencies, local governments, housing authorities, non-profit corporations , and numerous law firms. Property valuations have ranged from the six-figure dollar range to \$3 billion.

The Mazursky Group, New York, NY (1990-1993)

Senior Vice President

Responsibilities: Preparation, review and supervision regarding all commercial real estate valuation reports on properties primarily located in New York City, plus other properties in New Jersey, upstate New York and Long Island. Wide range of property types and clients. Related expert court testimony work.

New York Life Insurance Company, New York, NY (1988-1989)

Regional Real Estate Appraiser, Northeast

Responsibilities: Reviewed all outside fee appraisals and prepared all in-house valuations regarding required valuation work on \$4 Billion northeast mortgage portfolio (covering Boston to Washington corridor); also responsible for other due diligence activity regarding portfolio .

Wm. A. White/Tishman East (New York) (1986 - 1988) (now part of Grubb & Ellis) Senior Staff Appraiser/Consultant

Responsibilities: Preparation of valuation and consulting reports on commercial properties of all types in the greater New York/New Jersey metropolitan area. Wide range of clients .

1975-1986: Management and Planning positions in New York, New Jersey, Virginia and North Carolina, including a Project Director position (supervising 20 planners, architects and engineers on a 9,100 acre top secret industrial facility in Texas).

**John R. Ingram II, MAI, MRICS, AICP, CTA**

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FORMAL EDUCATION

New York University Grad School of Business Administration ,  
New York, NY; Concentration in Finance & International  
Business

Rutgers University, New Brunswick, NJ  
Master of City and Regional  
Planning (MCRP) Degree

Penn State University, University Park, PA  
B A Degree, Geography  
B A Degree, Political Science

REAL ESTATE COURSES

Appraisal Institute  
All course work required for MAI designation, plus  
long list of other course work and seminars.

New York University Real Estate Institute  
Variety of courses completed (all aspects of commercial real estate).

PROFESSIONAL MEMBERSHIPS/CERTIFICATIONS/LICENSES

Member, Appraisal Institute (MAI)---2008/2009 President,  
Northeastern PA Chapter

Member, Royal Institution of Chartered Surveyors (MRICS)

American Institute of Certified Planners (AICP)

Certified Tax Assessor (CTA), New Jersey

State Certified General R. E. Appraiser (SCGREAA), NY, NJ and PA

Member, City of Allentown (PA) Planning Commission  
(January, 2009-March, 2012)

**John R. Ingram II, MAI, MRICS, AICP, CTA (More Background---entire career)****Page 3****EMPLOYER AFFILIATIONS**

Mr. Ingram has been President and Owner of Ingram Real Estate Group since 1993.

Mr. Ingram has had previous experiences as: Senior Vice President, The Mazursky Group (New York, NY); Regional Real Estate Appraiser, Northeast, New York Life Ins. Co. (New York, NY); Senior Staff Appraiser/Consultant, Wm. A. White/Tishman East (New York, NY); Project Director, Gibbs & Hill (New York, NY); Multi-Family Housing Representative, U.S. Dept. of HUD (New York, NY); Base Planner, U.S. Dept. of the Air Force (Langley AFB, VA); and Management Services Director and Local Planning Chief, Cape Fear Council of Governments (Wilmington, NC).

**EDUCATION**

Mr. Ingram holds a Master of City and Regional Planning (MCRP) degree from Rutgers University (1975), a BA degree in Geography and a BA degree in Political Science from Penn State University (1971). He also attended the New York University Graduate School of Business Administration, with a concentration in Finance and International Business, in 1979-1980, and the NYU Real Estate Institute, in 1985-1986. Other schools attended have included the Institute of Government at the University of North Carolina and the Graduate School of Management at George Washington University.

**MILITARY**

Mr. Ingram is a (Vietnam-era) US Army veteran, having served between 1971 and 1973, with distinction, and having been honorably discharged.